

Structural readiness: Central Government operationalises key institutional and compliance provisions under the Code on Social Security, 2020

The Central Government has taken a key step towards operationalising some of the key provisions under Chapter III (Employees' Provident Fund) of the Code on Social Security, 2020 ("**SS Code**") by issuing a series of 8 (eight) notifications dated May 29, 2026 ("**Notifications**"). These Notifications, issued by the Ministry of Labour and Employment ("**Labour Ministry**"), collectively establish the institutional framework, enforcement machinery and key compliance parameters necessary for effective implementation of the provident fund regime under the SS Code. Taken together, they signal a clear intent to transition from the legacy framework under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("**EPF Act**") to the consolidated architecture envisaged under the SS Code.

Key compliance parameters

Fixation of wage ceiling

Pursuant to powers under section 2(89) of the SS Code, the Labour Ministry has notified INR 15,000 (Indian Rupees fifteen thousand) per month as the wage ceiling for the purposes of Chapter III (Employees' Provident Fund) of the SS Code.¹ This threshold is consistent with the wage ceiling previously applicable under the EPF Act (now subsumed under the SS Code). Interestingly, the Employees' Provident Fund Organisation had revised the wage ceiling from INR 6,500 (Indian Rupees six thousand five hundred) to INR 15,000 (Indian Rupees fifteen thousand) back in August 2014, which continues to remain the same till date, despite substantial changes in socio-economic realities.

By retaining the wage ceiling at INR 15,000 (Indian Rupees fifteen thousand) per month, the Central Government has provided employers with clarity on continued contribution obligations. This is particularly significant for sectors such as manufacturing, logistics, and hospitality, where a substantial portion of the workforce falls near the prescribed threshold. Any upward revision could have widened the coverage net and increased an employer's statutory contribution burden. Employers may proceed on the basis of their existing payroll and compliance frameworks in line with other prescriptions under the relevant labour codes.

Retrospective simple interest

Pursuant to Section 127 of the SS Code, employers are liable to pay simple interest at the rate of 12% per annum on any amount remaining unpaid, calculated from the original due date until the date of actual remittance. The relevant notification² provides a retrospective implementation date with effect from November 21, 2025 (i.e. the date on which

¹ S.O. 2702(E) dated May 29, 2026

² S.O. 2698(E.) dated May 29, 2026

the SS Code first came into effect). Consequently, any outstanding arrears at any time on or after that date would attract an interest at the notified rate, notwithstanding the later date of publication.

This retrospective operation settles the dust on contentions that interest was not eligible during the intervening period. The 12% rate accords with the position under the EPF Act and may be varied prospectively by the Central Government in exercise of its power under Section 127 of the SS Code as it provides that rates may be notified by the Central Government from time to time.

Inspection charges for private trusts

The Central Government has issued a notification³ under Section 143(6) of the SS Code, updating the inspection charges applicable to establishments that have been granted an exemption from the Employees' Provident Fund Scheme, 1952 ("**EPF Scheme**") and/or the Employees' Deposit-Linked Insurance Scheme, 1976 ("**EDLI Scheme**"). This notification supersedes the earlier notifications⁴ on the subject matter. Under this notification, establishments operating their own provident fund or insurance arrangements in lieu of statutory schemes are required to pay such charges to prescribed accounts. Accordingly, the Government can continue to inspect and monitor compliance.

Under the revised rates, exempted establishments must pay an inspection charge of 0.35% of wages (minimum INR 8,750 (Indian Rupees eight thousand seven hundred and fifty)) to the Provident Fund Administration Account for the EPF Scheme exemption, and 0.005% of wages (minimum INR 1,250 (Indian Rupees one thousand two hundred and fifty)) to the Insurance Fund Administration Account for the EDLI Scheme exemption. These charges are payable within 15 (fifteen) days of the close of every month.

Institutional appointment and enforcement architecture

The other Notifications⁵ issued under the SS Code, also play a key role in operationalising key enforcement and compliance machinery for Chapter III (Employees' Provident Fund) of the SS Code. These notifications designate the Central Provident Fund Commissioner, Additional Central Provident Fund Commissioner, Regional Provident Fund Commissioner, and Assistant Provident Fund Commissioner as: (a) authorised officers for Chapter III, (b) recovery officers empowered to recover arrears (including designation of enforcement officer as recovery officer); (c) inspector-cum-facilitators with jurisdiction over the whole of India; and (d) officers authorised to levy and recover damages from defaulting employers. Additionally, inspector-cum-facilitators have been authorised to file complaints in relation to Chapter III establishments.

Conclusion

With the enforcement machinery staffed and financial benchmarks notified, Chapter III of the SS Code now provides a degree of clarity on some of the operational aspects relating to provident fund compliance under the SS Code. For employers, the compliance landscape remains familiar in substance, with the same wage ceiling and the same interest rate, but the statutory basis has shifted. Payroll systems, contribution workflows and trust administration protocols should be reviewed accordingly, with particular attention to the retrospective interest exposure from November 2025.

³ S.O. 2701(E) dated May 29, 2026

⁴ S.O. 1436 dated July 9, 1998 and S.O. 238 dated January 11, 1998

⁵ S.O. 2695(E), S.O. 2696(E), S.O. 2697(E), S.O. 2699(E) and S.O. 2700(E) dated May 29, 2026

Employment Practice

JSA has a team of experienced employment law specialists who work with clients from a wide range of sectors, to tackle local and cross-border, contentious and non-contentious employment law issues. Our key areas of advice include (a) advising on boardroom disputes including issues with directors, both executive and non-executive; (b) providing support for business restructuring and turnaround transactions, addressing employment and labour aspects of a deal, to minimize associated risks and ensure legal compliance; (c) providing transaction support with reference to employment law aspects of all corporate finance transactions, including the transfer of undertakings, transfer of accumulated employee benefits of outgoing employees to a new employer, redundancies, and dismissals; (d) advising on compliance and investigations, including creating compliance programs and policy, compliance evaluation assessment, procedure development and providing support for conducting internal investigations into alleged wrongful conduct; (e) designing, documenting, reviewing, and operating all types of employee benefit plans and arrangements, including incentive, bonus and severance programs; and (f) advising on international employment issues, including immigration, residency, social security benefits, taxation issues, Indian laws applicable to spouses and children of expatriates, and other legal requirements that arise when sending employees to India and recruiting from India, including body shopping situations. JSA also has significant experience in assisting employers to ensure that they provide focused and proactive counselling to comply with the obligations placed on employees under the prevention of sexual harassment regime in India. We advise and assist clients in cases involving sexual harassment at the workplace, intra-office consensual relationships, including drafting of prevention of sexual harassment (POSH) policies, participating in POSH proceedings, conducting training for employees as well as Internal Complaints Committee members, and acting as external members of POSH Committees.

This Prism is prepared by:



Gerald Manoharan
Partner



Sonakshi Das
Partner



Mayank Jain
Associate



19 Practices and
40 Ranked Lawyers



8 Ranked Practices,
22 Ranked Lawyers



15 Practices and
20 Ranked Lawyers



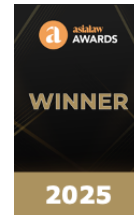
13 Practices and
49 Ranked Lawyers



20 Practices and
24 Ranked Lawyers



8 Practices and
15 Ranked Lawyers
Highly Recommended in 5 Cities



**Regional Legal Expertise Awards
(APAC) of the Year**
Energy Firm Competition/
Antitrust Firm



Among Best Overall
Law Firms in India and
14 Ranked Practices



Recognised in World's 100 best
competition practices of 2026



Ranked Among Top 5 Law Firms in
India for ESG Practice

9 winning Deals in
IBLJ Deals of the Year

15 A List Lawyers in
IBLJ A-List – 2026



Asia M&A Ranking
2025 – Tier 1

For more details, please contact km@jsalaw.com

www.jsalaw.com



Ahmedabad | Bengaluru | Chennai | Gurugram | Hyderabad | Mumbai | New Delhi



This Prism is not an advertisement or any form of solicitation and should not be construed as such. This Prism has been prepared for general information purposes only. Nothing in this Prism constitutes professional advice or a legal opinion. You should obtain appropriate professional advice before making any business, legal or other decisions. JSA and the authors of this Prism disclaim all and any liability to any person who takes any decision based on this publication.

Copyright © 2026 JSA | all rights reserved